

***APPENDIX G***

***SAMPLE BUDGETS***

***BUDGET NARRATIVES***

CITY of RED LODGE  
1993

CDBG APPLICATION BUDGET FORM FOR  
HOUSING AND NEIGHBORHOOD REVITALIZATION PROJECTS

	CDBG	OTHER: PRIVATE	OTHER: PUBLIC	TOTAL
ADMINISTRATION				
PERSONAL SERVICES				
1. Salaries, Wages and Fringe Benefits	\$ 1,500	\$	\$	\$ 1,500
OFFICE COSTS				
2. Supplies	400			400
3. Postage, Printing & Pub.	700			700
4. Telephone	100			100
5. Credit Reports (\$50 ea.)	2,500			2,500
6. Office (in kind)				
PROFESSIONAL SERVICES				
7. Consulting	64,000			64,000
8. Legal	500			500
9. Audit	1,000			1,000
10. Local Gov't Services T.A.	1,000			1,000
OTHER				
11. Travel and Training	300			300
12.				
13.				
14.				
15. TOTAL ADMINISTRATION	\$ 72,000	\$	\$	\$ 72,000
ACTIVITY				
ACQUISITION				
16. Bank Loans	\$	\$257,500	\$	\$257,500
17. Clearance/Demolition	2,500			2,500
18. Relocation/Displacement				
ENGINEERING/ARCH. SERVICES				
19.				
REHABILITATION				
20. Rehabilitation	292,500	82,500	375,000	750,000
21. Inspection	25,000			25,000
CONSTRUCTION/OTHER				
22. New Construction		785,000		785,000
23. Special Projects	8,000		4,080	12,080
24.				
25.				
26.				
27. TOTAL ACTIVITY	\$ 328,000	1,125,000	\$379,080	1,832,080
28. TOTAL PROJECT	\$400,000	1,125,000	\$379,080	1,904,080

## BUDGET NARRATIVE

### CDBG FUNDS

#### CITY OF RED LODGE HOUSING AND NEIGHBORHOOD REVITALIZATION

##### ADMINISTRATION:

###### Personnel Services:

1. Salaries.....\$ 1,500  
City Clerk, 5.5 hrs./month, 24 months @ \$10.31/hr,  
plus fringe

###### Office Costs:

2. Supplies.....\$ 400  
Estimated project expenditure.

3. Postage, Printing and Publication.....\$ 700  
Estimated project expenditure.

4. Telephone.....\$ 100

5. Credit/Ownership Reports.....\$ 2,500  
50 housing units @ \$50/unit

6. Office..... in kind

7. Consulting.....\$ 64,000  
1,600 hours @ \$40/hr. over 24 month project period

8. Legal.....\$ 500  
Estimated project expense for reimbursement of City  
Attorney project time and filing fees

9. Audit.....\$ 1,000

10. Local Government Services.....\$ 1,000  
Technical Assistance Contract

11. Travel and Training.....\$ 300  
Reimbursement for travel expenses of City Clerk, Mayor,  
or Council persons attending DOC workshops

15. Total Administration.(18%).....\$ 72,000

##### ACTIVITIES:

16. Mortgages/Operating Loans.....\$ -0-  
note: Project will leverage \$257,500 in bank loans for:  
first mortgage financing for home acquisition, operating  
loans for contractors and material suppliers, and/or  
interim financing of the project.



17. Clearance/Demolition.....\$ 2,500  
 Project will demolish 2 housing units; budget amount is to contract for 30 yard dumpsters and cover landfill charges.  
 note: City of Red Lodge crew will assist with clearing debris and loading dumpsters; in kind value \$6,600

18. Relocation/Displacement.....\$ N/A

19. Engineering/Arch. Services.....\$ N/A

20. Rehabilitation.....\$ 292,500  
 Project will rehab 50 substandard housing units;  
 40 owner-occupied units and 10 rental units - avg.  
 rehab cost \$15,000 each;

note: projected leveraged funds include: \$75,000 (FmHA HPG), \$42,500 (bank loans), \$300,000 (HOME), \$40,000 (HOME match) for total rehab funds equal to \$750,000.

21. Inspections.....\$ 25,000  
 Inspections services for 50 housing rehabs @ \$500/unit;  
 Initial inspection, bid write-up, contract award = \$250/unit;  
 Construction monitoring, interim and final inspections = \$250/unit.

22. Construction.....\$ -0-  
 note: project will leverage an estimated \$785,000 in financing for the construction of two rental facilities:  
 \* 6 unit elderly low income apartments - \$305,000  
 \* 12 unit multifamily low income apartments - \$480,000

23. Special Projects.....\$ 8,000  
 Summer youth employment program for blight removal and community beautification activities. Project will leverage \$4,080 from HRDC for a total program cost of \$12,080;  
     1 supervisor; \$7/hr., 10 wks. = \$ 2,800  
     6 youth; \$4.25/hr.; 8 wks. = \$ 8,160  
     overhead and supplies = \$ 1,120

27. Total Activity.....\$ 328,000

28. Total Budget.....\$ 400,000

#### SUMMARY NON-CDBG FUNDING

FmHA HPG.....	\$ 75,000
HOME Program.....	\$ 300,000
HRDC.....	\$ 4,080
Bank of Bridger.....	\$ 100,000
U.S. National Bank of Red Lodge.....	\$ 100,000
Montana Bank of Red Lodge.....	\$ 100,000
City of Red Lodge (HOME match).....	\$ 40,000
Owner/FmHA 515 loan (elderly apts)...	\$ 305,000
Owner/FmHA 515 loan (multifamily)...	\$ 480,000
TOTAL	\$1,504,080

CDBG APPLICATION BUDGET FORM FOR  
HOUSING AND NEIGHBORHOOD REVITALIZATION PROJECTS

	CDBG	OTHER:	OTHER: Program Inc.	TOTAL
<b>ADMINISTRATION</b>				
<b>PERSONAL SERVICES</b>				
1. Salaries, Wages and Fringe Benefits	\$ 500	\$	\$ 21,500	\$ 22,000
<b>OFFICE COSTS</b>				
2. Supplies	500		500	1,000
3. Postage, Printing & Pub.			1,000	1,000
4. Telephone	500		500	1,000
5.				
6.				
<b>PROFESSIONAL SERVICES</b>				
7. Consulting Housing Authority	62,500			62,500
8. Legal	1,000		1,000	2,000
9. Audit	2,000			2,000
10. Local Gov't Services T.A.				
<b>OTHER</b>				
11. Travel and Training	500		500	1,000
12.				
13.				
14.				
15. TOTAL ADMINISTRATION	\$ 67,500	\$	\$ 25,000	\$ 92,500
<b>ACTIVITY</b>				
<b>ACQUISITION</b>				
16. Land Acquisition	\$	\$	\$	\$
17. Clearance/Demolition	16,500			16,500
18. Relocation/Displacement				
<b>ENGINEERING/ARCH. SERVICES</b>				
19.				
<b>REHABILITATION</b>				
20. Rehabilitation	213,000	300,000	25,000	538,000
21. Inspection	30,000			30,000
<b>CONSTRUCTION/OTHER</b>				
22. Interest Subsidy	73,000			73,000
23.				
24.				
25.				
26.				
27. TOTAL ACTIVITY	\$ 332,500	\$ 300,000	\$ 25,000	\$ 657,500
28. TOTAL PROJECT	\$ 400,000	\$ 300,000	\$ 50,000	\$ 750,000

## BUDGET NARRATIVE

Personal Services	Time spent by the city staff in accounting and disbursement of city funds. Does not include contracted Administration.
Office Costs	Those expenses incurred by the city directly related to CDBG activities; does not include contracted Administration
Consulting Services	Total costs for services performed by contracted Administration; includes time, travel, and expenses related to these services.
Audit services	Costs incurred to have financial audit of CDBG program upon its completion.
Travel and training	Costs of sending representatives of city to training workshops; travel to meet with DOC if necessary.
Contingency	Amount to cover unforeseen administrative expenses, such as administering the City's program income.
Demolition	Cost of removing dangerous and dilapidated structures and clean-up of the sites
Rehabilitation	Costs of actual construction work and materials to rehab housing units. Allows over \$11,000 average cost per unit rehabilitated
Inspection	Costs to compensate CDBG inspector for monitoring rehab construction.
Interest Subsidy	Cost of "buying down" bank interest rates. These funds must be spent to trigger the bank loans, so the amount is separate from the "rehabilitation" line item. Otherwise it would be counted twice.

B U D G E T					
ADMINISTRATION COSTS	HOME	OTHER: CDBG	OTHER: Bank	OTHER: City of Wolf Point	TOTAL
Salaries, Wages & Fringe Benefits					2,000
Office Supplies					
Postage, Printing & Publishing		500			500
Telephone Expense		1,500			1,500
Consulting Services	26,000	57,500			83,500
Legal Services City Attorney					2,000
Auditing Services	2,000	2,000			4,000
Local Government Services/Technical Assistance	500	500			1,000
Travel Expense	500	500			1,000
Training Expense	500	500			1,000
Other Administrative: Contingency	500	4,500		3,000	8,000
TOTAL Administrative Expenses:	30,000	67,500		3,000	100,500
ACQUISITION COSTS					
Purchase Price					
Liens and Other Taxes					
Closing and Recording Costs					
Other Acquisition Costs					
TOTAL Acquisition Costs:					
PRE-DEVELOPMENT COSTS					
Appraisal					
Architect Fees					
Engineering Fees					
Legal Fees					
Other Pre-Development Costs					
TOTAL Acquisition Costs:					
CONSTRUCTION COSTS					
New Construction					
Rehabilitation	300,000	222,500	150,000	22,500	695,000
Infrastructure Improvements					
Contingency 6.25% Beautification Materials				7,500	7,500
Hazardous Materials Abatement					
Project Management					
Permits and Fees Streets, Water, sewer				200,000	200,000
Construction Loan Fees Interest Subsidy		50,000			50,000
Construction Inspection		10,000			10,000
Other Construction Costs Demolition		25,000			25,000
TOTAL Construction Costs:	300,000	307,500	150,000	230,000	987,500

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In-  
Kind

2,000

2,000

Admin  
Bank  
Funds  
5,000  
Office  
Rent  
3,600

Labor

10,000

Labor  
7,500



B U D G E T (continued)					
	HOME	OTHER: CDBG	OTHER: Bank	OTHER: City of Wolf Point	TOTAL
<b>DEVELOPMENT COSTS</b>					
Real Estate Tax					
Insurance					
Developer Fee					
Relocation					
Technical Assistance					
Other Development Costs					
<b>TOTAL Development Costs:</b>					
<b>OPERATING COSTS</b>					
Services					
Rent/Mortgage Subsidies					
Operating Expenses					
Other:					
Other:					
<b>TOTAL Operating Costs:</b>					
<b>TOTAL PROJECT COST:</b>	330,000	375,000	150,000	233,000	1,088,000

Total  
In-  
Kind  
31,600

PROGRAM INCOME		
YES	NO	
X		Will any program income be realized? (Program income means amounts generated from the use of HOME funds, including previously received HOME funds and program income.)
LOCAL GOVERNMENT	SUBRECIPIENT	
X		If YES, who will retain the Program Income?
<p>If YES, how will the retained program income be used? [See HOME Application Guidelines: IV, General Requirements; H, Project Income from HOME activities, page 19]</p> <p>Please see the Plan for Management of Program Income, Part E</p> <p>All HOME program income will be used for further HOME eligible housing activities</p>		
If NO, the Program Income will be paid to the State.		



## BUDGET NARRATIVE

Personal Services	Time spent by the city staff in accounting and disbursement of city funds. Does not include contracted Administration. Costs contributed by City (in-kind service.)
Office Costs	Those expenses incurred by the city directly related to CDBG activities; does not include contracted Administration. City contributes private office with outside entrance and all utilities (in-kind.)
Consulting Services	Total costs for services performed by contracted Administration; includes time, travel, supplies, equipment use, and expenses related to these services. Due to the complexity of this project, with possibly six different sources of funds and reporting requirements, there may be extensive staff time required, or, if we have a shortage of contractors available to bid on the rehabilitation, it could be necessary to extend the time of completion, creating additional expense. Therefore we have allowed as much as possible in this category.
Legal Services	Costs incurred by city attorney or other legal counsel related to CDBG program. Donated by the City (in-kind service.)
Audit services	Costs incurred to have financial audit of CDBG and HOME programs upon completion.
Travel and training	Costs of sending representatives of city to training workshops; travel to meet with DOC if necessary.
Contingency	Amount to cover unforeseen administrative expenses, such as administering the City's program income.
Demolition	Cost of removing 6 dangerous and dilapidated structures and clean-up of the sites. City landfill fees for disposal waived. (In-kind service.)
Rehabilitation	Costs of actual construction work and materials to rehab housing units. Allows over \$9,000 average cost per unit rehabilitated. Based on actual expenditures during the 1990 program, this estimate is reasonable. Several landowners will contribute self-help labor.

In 1990-92 bank loans were harder to market than direct city loans because of additional paperwork, shorter term payback and higher interest rates. For the 1993-95 program, the bank has made a commitment for terms that will cost the program the same per levered dollar as in 90-92 but will produce a much more attractive rate to the borrower (3% fixed rate with a fifteen year payback.) We used only \$42,000 of bank funds in program #1, but with the new rate, we estimate we can market at least twice that amount during the next two years. The type of assistance offered will be based on affordability analysis for both landlords and homeowners (see Part E, Project Management.)

The City is currently preparing to resubmit an application to Farmers Home Administration for \$100,000 in Housing Preservation Grant Funds. This will be used to supplement CDBG and HOME assistance to very low income homeowners (no rentals) with up to \$4,000 of grant funds (no payback.) The City received an award from FmHA in 1991 on its second submission. Awards for 1992 will be made before startup of the HOME and CDBG funds, and, if awarded, the funds will be incorporated into the overall strategy of the City program.

#### **Inspection**

Costs to compensate housing CDBG inspector for work writeups and monitoring rehab construction. Costs based on previous program at \$200 per unit. Kept low by multifamily units and donated service on bank funded projects. Inspection and writeup costs on HOME projects will be paid by the property owner.

#### **Interest Subsidy**

Cost of "buying down" bank interest rates. This is separate from "rehabilitation" because these funds must be spent to lever the bank funds. Otherwise it is counted twice in rehab.

#### **Paint and Cleanup**

The Beautification Committee will attempt to obtain obsolete paint from hardware stores and donated materials, and will continue to recycle all types of materials for fundraising, but to assure an adequate flow of funds for materials, the City will set aside \$7,500 as a reserve fund to supplement their efforts.

Street Paving, Water  
and Sewer hookups  
repaired/replaced

The City will repave 4th Avenue North through the project area, extending to 3rd Avenue S, using Street Maintenance District funds. During paving, they will examine and replace all water and sewer hookups as needed along the Street.

Other in-kind contributions will be City landfill dumping fees on demolition projects waived at an average estimated cost of \$750 per building, labor and supervision by the Beautification Committee for cleanup and painting activities, self-help labor by several contractor/landlords/homeowners, and the administration of funds from Western National Bank (application processing, inspections, etc.) estimated at \$5,000.